



1001 Air Brake Avenue
Wilmerding, PA 15148
Phone: 412.825.1543
Fax: 412.825.1789

Press Release

Contact: Tim Wesley at (412) 825-1543

Wabtec Reports E.P.S. Of 25 Cents From Operations For Third Quarter; Expects Similar Results In Fourth Quarter, Double-Digit Growth In Full Year 2001

WILMERDING, Pa., Oct. 19, 2000 -- Wabtec Corporation (NYSE: WAB) today reported earnings per diluted share of 25 cents from operations for the third quarter of 2000. This figure excludes restructuring and ESOP-related charges, and non-cash foreign exchange losses. The company had cash earnings per diluted share of 28 cents and EBITDA of \$39 million, excluding restructuring items.

In the 1999 third quarter, Wabtec had earnings per diluted share of 40 cents, cash earnings per diluted share of 46 cents and EBITDA of \$51 million.

The company said the earnings decrease compared to the prior-year quarter resulted primarily from lower margins due to inefficiencies from accelerated restructuring initiatives, pricing pressures related to lower sales volumes and an unfavorable product mix. These factors more than offset improved operating results in the company's Transit Group.

"Although we remain pleased with the accelerated pace of our restructuring, our margins do not yet reflect the benefits we are achieving, in part because sales have continued to be weak," said William E. Kassling, Wabtec's chairman and chief executive officer. "In the current environment, therefore, we will continue to focus on reducing costs and restructuring our business. By year-end, we will have closed nine facilities, moved as many as 10 product lines to Mexico and reduced our employment costs by 15 percent. We believe these actions are positioning the company for better results when demand strengthens."

Future Outlook

Based on current sales forecasts, the company expects its operating results in the fourth quarter of this year to be similar to its operating results in the third quarter. This outlook implies full-year earnings per diluted share of about \$1.10, which is lower than previous expectations of about \$1.25 due to inefficiencies from accelerated restructuring initiatives, pricing pressures related to lower sales volumes and an unfavorable product mix. Based on a preliminary outlook for the rail industry for the full year 2001, the company expects sales to be about the same as in 2000, but expects earnings per diluted share to show double-digit growth, as benefits from the company's restructuring initiatives and higher Transit Group sales more than offset lower Freight Group sales.



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Third Quarter Results

In the third quarter, the company incurred expenses of \$13 million, or 19 cents per diluted share, for restructuring and related actions, which included the closing of five facilities. The company also recorded an expense of \$5.1 million, or 12 cents per diluted share, to write off a deferred tax asset related to the elimination of its employee stock ownership plan; and foreign exchange losses of \$1.4 million, or 2 cents per diluted share.

For the third quarter, net sales decreased 2 percent compared to the prior-year quarter, with lower sales in the Freight Group more than offsetting higher sales in the Transit Group. The decrease in Freight Group sales resulted primarily from lower sales of freight car and locomotive components. Higher Transit Group sales reflected stronger shipments of components for passenger vehicles.

The company's gross margin was 27 percent compared to 30 percent in the year-ago quarter, due to inefficiencies from restructuring initiatives, pricing pressures related to lower sales volumes and an unfavorable product mix. The company's gross margin was also 27 percent in the second quarter of this year.

Operating expenses increased 4 percent, excluding restructuring items, primarily due to higher legal and consulting expenses. The company had other expense of \$1.6 million, primarily from the foreign exchange losses. The company's interest expense increased 5 percent, due to higher interest rates compared to the year-ago quarter.

The company's effective income tax rate was essentially unchanged from the prior-year quarter, excluding the ESOP-related charge.

Net income, excluding restructuring and the deferred tax asset writeoff, was \$10 million, compared to \$18 million in the prior-year quarter.

Debt, net of cash and equivalents, was \$562 million (75 percent of total capital) at Sept. 30, 2000, compared to \$554 million (74 percent of total capital) at June 30, 2000 and \$562 million at Dec. 31, 1999. For the year, debt has remained the same as the company has used operating cash flow to fund restructuring items, working capital and stock purchases.

During the quarter, the company repurchased \$6 million, or 578,000 shares, of its own stock, as part of a \$75 million stock repurchase program.



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Wabtec Corporation (www.wabtec.com) is North America's largest provider of value-added, technology-based products and services for the rail industry. Through its subsidiaries, the company manufactures a full range of products for locomotives, freight cars and passenger transit vehicles. The company also builds new locomotives up to 4,000 horsepower and provides aftermarket services, including locomotive and freight car fleet maintenance. Wabtec's mission is to help its customers achieve higher levels of quality, safety and productivity so they can compete more effectively. The company has facilities located throughout the world.

This press release contains forward-looking statements, such as the statements regarding the company's expectations about future earnings. The company's actual results could differ materially from the results suggested in any forward-looking statement. Factors that could cause or contribute to these material differences include, but are not limited to, the company's inability to achieve merger synergies; a slowdown in the U.S. or Mexican economy; and other factors contained in the company's regulatory filings, which are herein incorporated by reference. The company assumes no obligation to update these forward-looking statements or advise of changes in the assumptions on which they were based.

Summary of Earnings Per Diluted Share Adjustments

	<u>Third Quarter 2000</u>	<u>Nine Months 2000</u>
Reported E.P.S.	\$(0.08)	\$ 0.48
Deduct gain on product line sale	--	\$(0.07)
Add back Restructuring Charges	\$ 0.19	\$ 0.31
Add back ESOP Charge	\$ 0.12	\$ 0.12
Add back Foreign Exchange losses	<u>\$ 0.02</u>	<u>\$ 0.02</u>
Operating E.P.S.	\$ 0.25	\$ 0.86

To listen to the company's earnings conference call, log on to www.wabtec.com.
The call will be held today at 10 a.m., eastern time.

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